

Hawaiian Gazette.

SEMI-WEEKLY.

ISSUED TUESDAYS AND FRIDAYS

W. R. FARRINGTON, EDITOR.

FRIDAY, MAY 15, 1896.

A sect known as the "Holy Band" in Pennsylvania will not permit their members to wear jewels or feathers of any description upon their person. So far as the feathers are concerned, the aggregation might well add "Common Sense Band" to their title.

Mr. Roberts, president of the great Pennsylvania railroad system, recently stated that the thousands of dollars which his company puts into buildings and equipments for railroad Y. M. C. A. work is the best investment it makes, steel rails not excepted. Such a statement coming from the head of a soulless corporation ought to go a good ways toward quieting the fears of those who feel that a Y. M. C. A. is not worthy of being placed within the vale of public institutions exempt from taxation.

Recent telegrams state that if President Kruger had not commuted the death sentences of the Transvaal raiders the British Government would have immediately taken steps to assume the control of affairs in the South African Republic. Although carrying out the death sentence might have forced the issue at an early day, it is only a matter of time when the Boers will have to give way, and the object of Dr. Jameson's raid will be successfully accomplished. In stretching out its hand for the control of new territory Great Britain possesses all the tenacious waiting power of Russia. If the first move is not successful it accepts the setback with diplomatic grace and waits for a more favorable opportunity.

The reasons given for the failure of the House of Representatives to take up the current receipts appropriation bill are as numerous as the individuals who have opinions to offer. But whatever the true inwardness of the thing may be, it is about time the House began to gird up its loins and show signs of greater activity in connection with this important measure. The Legislature has about twenty days in which to finish up the work of the session, and there yet remains no small amount of work to be done. This is no time for dilatory measures, and unless the Representatives intend to go home without passing the appropriation bill, it is about time they gave the measure their undivided attention. If the present tactics are followed out, the last few days of the session will find our worthy legislators up to their ears in important work that will either be cleared away with a rush or left unfinished.

Senator Lyman's annexation resolution is timely and to the point. It will attract comparatively little attention in this country, as annexation is a foregone conclusion, and the majority of the people know that Hawaii is simply waiting for the United States to extend a welcoming hand and express its readiness to enter into negotiations. At the same time, the legislative session would have been incomplete without this reassertion of allegiance to the annexation principle. Such a resolution effectually takes the wind from the sails of those hopeful enemies of the Republic who are assiduously laboring to prove the disloyalty of the present Government to the central principle about which all others should be made to revolve. It reminds the people of the United States that Hawaii is still at the door, seeking an entrance to the larger Republic; it reminds the good people of California that they can solve the problem of Japanese competition, English competition and German competition, so far as their trade with this country is concerned, by simply lending their efforts to bring Hawaii into the American Union. No more absolute freedom of trade exists than that which Hawaii seeks with the United States.

The wise heads of the Senate have settled upon a financial scheme of their own, which they apparently consider as quite sufficient to meet the demands of republican progress for one session of the Legislature. Time alone will prove the wisdom of the Senate. The attitude of the upper house toward the financial policy of the country calls to mind an incident in an old New England town, where the good fathers of the hamlet turned out to move a house. All went well until the house had been moved to the bottom of a steep hill. At this point a vinegar-faced corner store orator announced that there were not enough oxen in the whole town to take the building over the hill. The energetic leader of the house-moving aggregation shouted "Drive on!" while the orator stood by the roadside, shouting, "Ye can't do it, ye can't do it!" Mid the vociferation of the counter-

factions the drivers goaded their oxen to the task, the house was taken over the hill, and the vinegar-faced orator retired to the corner grocery. The general sentiment of the country has been in favor of a broad and progressive financial policy, but the Senate has announced that "ye can't do it," and unfortunately has enough votes to prevent its being done. The financial progress of the Senate is a piece-meal makeshift that would suit the New England flour-barrel orator.

FITZBUGH LEE.

The appointment of General Fitzbugh Lee to be Consul General at Havana, in place of Ramon O. Williams, will probably result in the United States Government getting accurate information as to the true conditions in Cuba. Cuban news is more inaccurate than Chinese war dispatches. The Spanish Government suppresses and perverts the truth, the Cuban insurgent magnifies and lies, while the newspaper correspondent gets up the most picturesque copy he can and fills up his letters with lurid details of confagurations, murders and butchery, which highly spiced viands are evidently to the taste of his editors and a mass of his readers.

General Lee has been sent out more as a military attaché than as a Consul General. The Spanish Government would not hear of a military attaché, and President Cleveland needed some experienced military man to give him required information. So the appointment of General Lee was made. It will be some time, however, before the information forwarded by General Lee will reach the public eye. But the action of the President in regard to Cuban affairs will be a guide as to the direction the information is tending.

SOME NEW NOVELISTS.

Nothing is more surprising in a literary way than the rise of the Scotch novelist at the end of the century. The names of Barrie, Crockett and Ian McEwan, both the latter "noirs de plume," are now almost as well known as their great prototype, Sir Walter Scott, however, except in the Heart of Midlothian and The Antiquary, was rather the historical and romantic chronicler of his country than the portrayer of the characteristics of his contemporaries, though he has given us some beautiful character sketches, as in his Edie Ochiltree, his Mucklebackits and his Inimitable Oldbuck—but his forte lay in the romantic and the picturesque. Crockett aims to follow in Sir Walter's footsteps, and in his "Men of the Mosshags" he is every whit as romantic and picturesque as Scott is in his "Old Mortality." Indeed, the "Men of the Mosshags" is a better tale, because unmarred by a certain mannerism which Scott always displayed when dealing with characters of the style of Edith and Lord Evandale. In a new work, "The Grey Man," Crockett follows out the same vein. But where the new school excels is in its short stories describing the daily life of a simple people. The "Window in Thrums," the "Bonnie Briar Bush" and "For Auld Lang Syne" contain the most beautiful character drawing that has been done for years. A writer who can see the beauty of character and the true poetry in the lives of the rough farmer folk, who can show us the nobility of life in the humblest walks of life is a true artist, and it is refreshing to turn to works of this character from the trashy productions of the Duchess, or the morbid moral musings of Madame Sarah Grand.

INCOME TAX IN THE STATES.

In speaking of income tax, the statement is often made that there is no income tax in the United States. This statement is fallacious. Two States, viz., Virginia and Massachusetts, levy general income taxes at present. In Pennsylvania an income tax is levied on special kinds of income. According to Ely's "Taxation of American States and Cities," we find that the income of one per cent. in Virginia is levied on incomes derived from interest or profits in excess of \$1,000. In Massachusetts it is provided that income from annuities, from certain ships and vessels, and "so much of the income from a profession or trade or employment as exceeds the sum of \$2,000," shall be taxed. In Mr. Winston's law traces of the Massachusetts act can be seen. The exemption of incomes of \$2,000 makes a large number of people escape who should not escape and who are quite able to pay a moderate quota towards the general expenses of government.

In Pennsylvania an income tax of three per cent. is levied upon the incomes of corporations, foreign insurance companies—which is levied on premiums received for business transacted in the State—and private "bankers, brokers or incorporated banking and savings institutions and express companies."

Though in none of these States does the income tax form the backbone of

taxation, still it shows that the germ of the idea is at work. What we want to do here is to have a true income tax and not a makeshift, as the Massachusetts or Pennsylvania laws are. An income tax to be effective should "occupy an essential position in the scheme of taxation," and no incomes, save very moderate ones, should be exempt. In this country, upon a rough estimate, we believe an income tax would yield one-third of the total income of the country, if the exemption rate is made low enough, as we have suggested. If the exemption rate is too high, far too many would escape, and the tax would not yield sufficient. But if, as has already been proposed in these columns, a progressive rate is established, the tax would indeed become the backbone of our financial system, and yielding more than our taxes do now, would yet relieve the laborer from all contributions towards the State; or, if it were considered desirable, tax him at the rate of one per cent. instead of two and a half and three upon his pitiful income.

THUMB MARKS AND TOURISTS.

In considering certain improvements in the administration of the Registration Act, the tourists coming to this Paradise of the Pacific should not be entirely lost to view. As the law now reads, every person arriving in the country is obliged to register, hand his thumb mark to the authorities immediately upon landing. Here again sentiment and the thumb mark come into collision. In this case it is not unlikely that the collision may cost the country a good sum in cold cash. As hosts of a large number of sight-seers, it is good business if nothing more to make the life of our visitors as pleasant as possible, and as free from irksome rules and regulations.

Under the present reading of the law, the tourist is brought before the registrar whether it is his intention to stay in the country six days or six months. To the Russian the obligation to comply with the thumb mark regulation will bring thoughts of home, and we do not doubt that as the Russian presses his finger on the ink pad he will gleefully whistle "Home Again from a Foreign Shore," or some kindred roundelay. Unfortunately, however, the majority of the public guests who bring money into Hawaii are not of the Russian disposition, and will not look upon our new law with the same pleasant reflection. Hawaii has not reached the point where a strict police surveillance is required over every new comer that lands on the wharf, and it is not for the best interests of the country, financially or politically, to force this impression upon the people who remain here only a short time and go on their way about the globe, spreading broadcast their ideas upon matters and things Hawaiian.

If it is impossible to exempt the tourist who comes to the country for a month or six weeks from registration, he can at least be given the privilege of placing his signature—provided he can write English—upon the registration blank, instead of leaving the outlines of his thumb for the statistician and police official to ponder over.

It is true that the tourist is no better than the average citizen of the country, but it is impossible to make out what is to be gained by requiring people to register who have no intention of becoming citizens, and who will get out of the place as soon as possible if obliged to comply with disagreeable regulations that are inclined to stir up the cantankerous spirit of the individual who has no time to study or listen to the whys and wherefores of the thumb mark and the Registration law.

GOOD SANITARY MEASURE.

Second thoughts are proverbially the best, and the old proverb certainly seems to have been proven in the final policy mapped out by the Board of Health for protecting Honolulu from the epidemics which bid fair to have a terrible run in Asiatic ports during the coming summer. Even in guarding public health our commerce has to be taken into consideration. Of course, if worst comes to worst, both merchants and the plantations would have to give way to whatever restrictions it might be necessary to place upon passengers and freight coming from the Orient, but it is certainly to the advantage of the country to make the restrictions as light as possible and at the same time assure our ports proper protection from disease that may be brought either by freight or passengers. We cannot afford to cut off all connection with the Orient during three months in the year if any plan can be hit upon whereby Hawaii can be effectually guarded and a clear bill of health assured.

The plan adopted by the Board of Health is almost an exact copy of the regulations in vogue in the United States, regulations that have thus far proven entirely satisfactory from a sanitary point of view, and which allow the trade between the countries interested to be carried on without serious or disagreeable delay.

As an example of the workings of the American system to be adopted, an instance is cited of four vessels that sailed from an infected port of Europe. Two of these vessels sailed for American ports and the passengers were subjected to the usual quarantine previous to departure. The others sailed for South American ports and the passengers were taken on board without question. During the voyage of the latter cholera broke out. On arrival at their destination the vessels were turned away and became floating pest-houses. On board the ships bound for the United States one case of cholera was reported. The patient was carefully guarded, the spread of the disease prevented and the passengers finally landed in good condition. While shutting out steerage passengers is the only absolute guarantee against infection, it is doubtful whether such a measure could be enforced. Even if an infected ship were to arrive at this port, the Government would hardly be justified in turning the passengers away if they were willing to submit to quarantine. A ship in distress cannot be deserted, no matter how rigid the quarantine regulations may be. Our trade with China and Japan is constantly increasing, and it behooves the Government to adopt an intelligent scheme whereby the health authorities can guard the country without imposing unnecessary hardships upon the merchants and the traveling public.

It is much better to establish reliable guards at the other end of the line than it is to trust to the representations of officials inclined to make light of the plagues that infest the Orient, and wait with our sanitary guns loaded for what they may send to us. By going to the Orient and giving his personal attention to the selection of health inspectors to represent Hawaii at Hong Kong and Yokohama, President Smith can establish a sanitary outpost that will at least prevent misrepresentations in the reports upon the state of public health in Oriental cities.

ELIMINATE THE THUMB MARK.

While the registration law serves a very good purpose and is a recognized necessity in its general provisions, there are certain features that demand the serious attention of the Minister of the Interior. We refer particularly to the thumb mark, which is required as a means of identification. Certainly there can be no more complete method of identification than this thumb mark that is replacing photography in many of the rogues' galleries in the United States, but it becomes a pertinent question whether the Republic of Hawaii is following out its usual broad principles of liberality in requiring this feature of criminal identification in registering its law-abiding citizens.

The objection raised to this feature of the law may be only a matter of sentiment, but it is a sentiment so deep seated in the minds of a liberty-loving people that the aversion to coming to the plane of a common criminal is a decided one. Only in Russia, and possibly China, is this system of identification brought into play upon the citizen who has no desire to infringe upon the laws of the land. Now, do the people of this country want to put themselves on record as enforcing certain features of this law, for which precedents can only be found in such countries as Russia? We do not think so, and we believe the majority of the people coincide with our ideas on the subject. No one objects to registering or doing anything else that will assist the Government in keeping the floating population of the country within proper bounds, but there are few who do not chafe when brought under the iron hand that is usually brought down upon the criminal.

If there were no other way of making the law effective, there would be very few to raise their voices against the thumb mark, but there are better methods of securing the identification of each person whose name appears on the register. With the average citizen, the description of features, with a note of any distinguishing marks or scars, together with the autograph, is quite sufficient to secure proper identification. If a person cannot or does not care to sign his name, let him resort to the thumb mark, but it is entirely proper that a more liberal interpretation of the law should be given than obtains at present. The fact that the Minister of the Interior is given authority under the law to alter or amend the regulations, which amendments "shall have the force of law," is good evidence that the framers of the Act did not intend to make hard and fast rules that would work a hardship on the majority of the people.

The registration law is an experiment at best, and it is not for the best interests of the law or the country to introduce obnoxious features at the outset which will result in the measure being voted out of existence before the general principle involved has been given a fair trial. Already plans are being laid to fight the law in the courts, principally on account of this one ob-

jectionable feature—the thumb mark. Consequently we would suggest that the Minister of the Interior exercise his prerogative and eliminate the thumb mark so far as possible.

INCOME TAX—HISTORICAL.

The series of articles on income tax which have appeared in these columns are now drawing to a close. It only remains to give a short historical summary of the income tax in England, and to discuss the present income tax law in England.

The first income tax imposed throughout Great Britain in the year 1799, was formulated by Pitt. It was charged, first, upon absentees in respect to income from property in Great Britain, and, second, on residents in respect to income in Great Britain and elsewhere. The schedule of rules for estimating income was subdivided into four heads.

I. Incomes from land, including houses.

II. Income from personal property and from trades, professions, etc.

III. Income arising out of Great Britain.

IV. Income not falling under any of the foregoing rules.

Under the heads were nineteen cases in the schedule. Then there were general and special deductions for income. Incomes under \$300 were exempt. Between \$300 and \$1,000 there was a progressive rate, and above that sum a ten per cent. tax was imposed. The tax was repealed in 1802, after the peace of Amiens.

The next income tax was Addington's in 1803. This was divided under five schedules, giving particular returns of income from particular sources, and not giving a general return of income, as Pitt's bill required, this general return being considered too inquisitorial. An important schedule was Schedule D, which provided that all residents paid upon all profits and gains from property "anywhere in the world," or from a profession or trade carried on anywhere. The exemption was again \$300, and between \$300 and \$750 there was a progressive rate from one and one-fourth per cent. up to four and three-fourths per cent. After that the tax was five per cent.

In 1806 Petty's act remodelled Addington's. In this the exemption rate was reduced to \$250, and this exemption was only allowed to incomes derived from manual labor for a weekly or daily wage. The progressive rate was given up and all incomes were rated at five per cent. Fund holders were not required to make any return—the tax was assessed at the bank and deducted from the dividends. This tax lasted till 1815, when it was given up, shortly after the battle of Waterloo.

Peel's tax came in 1842 and lasted till 1885. This was a modification of Petty's act. The exemption limit was raised to \$750, and the income might be derived from any source whatever. Persons in trades or professions might be assessed by special commissioners appointed by the Government instead of the district commissioners. This was done to prevent undue knowledge of a person's affairs leaking out among his friends and neighbors. It was started at the rate of 21-12 per cent, since when the rate has varied, rising to 6-2-3 per cent. and falling to 2-1-12 per cent. in years when expenditures were low. When the tax went down the rate of abatement went down from \$750 to \$500. Various amendments and improvements were made in this act, notably by Gladstone, who by his manipulation of this tax was enabled to carry out that brilliant financial policy upon which his true fame rests.

An income tax is so easily collectable, the burdens can be adjusted so accurately to the shoulders that ought to bear them, and the burdens can be lightened for those whose ability to bear them is inadequate, it is so elastic and can be made to meet an emergency without unduly pressing upon any particular portion of the population, that though no taxes can be ideal—for as the combination of the only certainties of life, viz., death and taxes, can never be regarded as ideal—still it does represent the fairest method of taxation yet invented by man, and the steps in the direction of making the system the backbone of our financial system should be taken as soon as may be.

BRITISH INCOME TAX.

The present income tax in force in Great Britain and Ireland is divided into five heads, known as schedules A, B, C, E, D. The object of the tax is to reach incomes of every sort derived by residents from sources in and also out of the country. Another object is to avoid unnecessary prying into the circumstances of the taxpayer. It was with this object that the tax is divided into five heads.

Schedule A deals with income from lands, including houses, the rent or annual value being the measure of charge.

Schedule B deals with the benefits derived from the use of land by the agriculturalist. Rent forms the basis of

assessment, and the measure of charge is one-half the rent value in England and one-third in Scotland and Ireland.

Under schedules A and B no deduction is made for repairs. The occupier pays both taxes, but deducts the tax under schedule A from the next payment of rent. The landowner in his turn deducts a proportion of the tax from any annuities or other charges there may be on the land, and the income is thus traced to its source and the burden of tax equally distributed.

Schedule C deals with income derived from funded property, whether home, colonial or foreign. The tax is deducted from the dividends and paid into the Bank of England on account of revenue. With regard to foreign investments, the persons charged with the payment of the dividends in England deliver accounts to the special commissioners, who make out the assessments.

Schedule E deals with official salaries or the salaries of those employed by corporations. In the case of official salaries the deduction is made from the pay in each department of government. In the case of corporations the treasurer makes the assessment.

Schedule D deals with incomes from professions, trades and occupations, besides any miscellaneous sources of income not included in the previous schedules. Under this schedule are six cases, as in Pitt's Act of 1799, alluded to in Thursday's article. Case I., profits from trade, manufacture and commerce. Case II., professional incomes. Case III., profits of uncertain annual value. Cases IV. and V., income from abroad, from sources other than those mentioned in Schedule C. Case VI., profits or gains other than those classified.

In cases I. and II. the charge is made on the average profit of the last three years. And this is eminently just, as the profits of merchants and the incomes of professional men vary considerably from year to year.

The exemptions are: I. Incomes under \$750. II. Incomes of charities. III. Hospitals, public schools and almshouses. IV. Friendly societies. V. Industrial and provident societies. VI. Buildings of literary and scientific societies.

The abatements are: I. On incomes under \$2,000 a deduction of \$600 is allowed, not of the full amount of exemption, it will be noted. II. Premiums of life insurance not exceeding one-sixth of the income.

Such in brief is the present income tax law of Great Britain and Ireland.

Today Mr. Winston's income tax measure comes up for discussion. We trust the discussion may be full and varied. The Advertiser has striven to lay the subject of income tax before its readers in such a manner that they may fully appreciate the arguments for and against the bill.

While fully supporting the theory of taxation on income, we are by no means prepared to say that Mr. Winston's bill is one which should pass. It is in the right direction, but it will need amendment and expansion, and considerable amendment would have to be made in the present tax law before it could pass safely without fear of afterward being thrown out by the Supreme Court as being unconstitutional from causing double taxation.

Reviewing the whole subject, it would appear better that a commission be appointed to report to the next Legislature; that the income tax measures of countries other than Great Britain and Ireland be carefully considered. Moreover, the census is soon to be taken, and by a judicious set of questions much information could be obtained that would assist the Minister of Finance in calculating what his estimated receipts under such an Act would be. However, we are quite prepared to accept an income tax now, and to improve on it two years hence if necessary. The question of the income tax is a live issue today and will be a live issue two years hence, just as the funding bill will be.

VOICE OF THE PRESS.

Senator Vilas, who was President Cleveland's first Postmaster General, is specially well qualified to speak on the subject of government mail subsidies. He made the Senate amendment to the postoffice appropriation bill, giving \$80,000 additional compensation to the Oceanic Steamship Company for carrying the mails from San Francisco to Hawaii and other points, the text for some interesting remarks, in which he said that the mail subsidy system, which he opposed while Postmaster General, had entirely failed to give a more expeditious or better mail service. The supporters of the subsidy defended the amendment on the ground that it was made necessary by the competing subsidized Canadian line of Pacific steamers.—Blaine Journal, Washington.

The dispatches say the relations between United States Minister Willis and the Hawaiians are very much strained. They ought to be pretty clear by this time.—Salt Lake News, Utah.

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